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HOUSE BILL 629

**48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008**

INTRODUCED BY

Thomas A. Garcia

AN ACT

RELATED TO PUBLIC EMPLOYEES RETIREMENT; AMENDING THE PUBLIC  
EMPLOYEES RETIREMENT ACT TO ALLOW MEMBERS EMPLOYED BY A  
HOSPITAL OR MEDICAL CENTER THAT IS SUBSEQUENTLY TAKEN OVER BY  
AN AFFILIATED PUBLIC EMPLOYER TO PURCHASE UP TO FIVE YEARS OF  
CREDITED SERVICE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 10-11-7 NMSA 1978 (being Laws 1987,  
Chapter 253, Section 7, as amended) is amended to read:

"10-11-7. CREDITED SERVICE--PURCHASE OF SERVICE.--

A. A member who entered a uniformed service of the  
United States may purchase service credit for periods of active  
duty in the uniformed services subject to the following  
conditions:

- (1) the member pays the association the

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1 purchase cost determined according to Subsection E of this  
2 section;

3 (2) the member has five or more years of  
4 service credit acquired as a result of personal service  
5 rendered in the employ of an affiliated public employer;

6 (3) the aggregate amount of service credit  
7 purchased pursuant to this subsection does not exceed five  
8 years reduced by any period of service credit acquired for  
9 military service pursuant to any other provision of the Public  
10 Employees Retirement Act;

11 (4) service credit may not be purchased for  
12 periods of service in the uniformed services that are used to  
13 obtain or increase a benefit from another retirement program;  
14 and

15 (5) the member must not have received a  
16 discharge or separation from uniformed service under other than  
17 honorable conditions.

18 B. A member who was a civilian prisoner of war  
19 captured while in service to the United States as an employee  
20 of the federal government or as an employee of a contractor  
21 with the federal government may purchase service credit for the  
22 period of internment as a civilian prisoner of war, provided  
23 that:

24 (1) the member provides proof of employment  
25 with the federal government or as a contractor to the federal

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1 government in a form acceptable to the association;

2 (2) the member provides proof of the period of  
3 internment in a form acceptable to the association;

4 (3) the member has at least five years of  
5 service credit acquired as a result of personal service  
6 rendered in the employ of an affiliated public employer;

7 (4) the aggregate amount of service credit  
8 purchased pursuant to this subsection does not exceed five  
9 years reduced by any period of service credit acquired for  
10 military service pursuant to any other provision of the Public  
11 Employees Retirement Act;

12 (5) service credit may not be purchased for  
13 periods of service in internment as a civilian prisoner of war  
14 if such periods are used to obtain or increase a benefit from  
15 another retirement program; and

16 (6) the member pays the association the  
17 purchase cost determined according to Subsection E of this  
18 section.

19 C. A member who was employed by a utility company,  
20 hospital or medical center, library, museum, transit company or  
21 nonprofit organization administering federally funded public  
22 service programs, which utility company, hospital or medical  
23 center, library, museum, transit company or nonprofit  
24 organization administering federally funded public service  
25 programs or federally funded public service programs

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1 administered by a nonprofit organization are subsequently taken  
2 over by an affiliated public employer, or a member who was  
3 employed by an entity created pursuant to a joint powers  
4 agreement between two or more affiliated public employers for  
5 the purpose of administering or providing drug or alcohol  
6 addiction treatment services irrespective of whether the entity  
7 is subsequently taken over by an affiliated public employer,  
8 may purchase credited service for the period of employment  
9 subject to the following conditions:

10 (1) the member pays the association the  
11 purchase cost determined according to Subsection E of this  
12 section;

13 (2) the member has five or more years of  
14 credited service acquired as a result of personal service  
15 rendered in the employ of an affiliated public employer; and

16 (3) the aggregate amount of credited service  
17 purchased pursuant to this subsection does not exceed five  
18 years.

19 D. A member who was appointed to participate in a  
20 cooperative work study training program established jointly by  
21 the [~~state highway and~~] department of transportation  
22 [~~department~~] and the university of New Mexico or New Mexico  
23 state university may purchase credited service for the period  
24 of participation subject to the following conditions:

25 (1) the member pays the association the

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1 purchase cost determined according to Subsection E of this  
2 section;

3 (2) the member has five or more years of  
4 credited service acquired as a result of personal service  
5 rendered in the employ of an affiliated public employer; and

6 (3) the aggregate amount of credited service  
7 purchased pursuant to this subsection does not exceed five  
8 years.

9 E. Except for service to be used under a state  
10 legislator coverage plan, the purchase cost for each month of  
11 credited service purchased pursuant to the provisions of this  
12 section is equal to the member's final average salary  
13 multiplied by the sum of the member contribution rate and  
14 employer contribution rate, determined in accordance with the  
15 coverage plan applicable to the member at the time of the  
16 written election to purchase. The purchase cost for each year  
17 of credited service to be used under a state legislator  
18 coverage plan is equal to three times the normal member  
19 contribution per year of credited service under the state  
20 legislator coverage plan applicable to the member. Full  
21 payment shall be made in a single lump sum within sixty days of  
22 the date the member is informed of the amount of the payment.  
23 The portion of the purchase cost derived from the employer  
24 contribution rate shall be credited to the employer's  
25 accumulation fund and shall not be paid out of the association

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1 in the event of cessation of membership. In no case shall a  
2 member be credited with a month of service for less than the  
3 purchase cost as defined in this section.

4 F. A member shall be refunded, upon written request  
5 filed with the association, the portion of the purchase cost of  
6 credited service purchased pursuant to this section that the  
7 association determines to have been unnecessary to provide the  
8 member with the maximum pension applicable to the member. The  
9 association shall not pay interest on the portion of the  
10 purchase cost refunded to the member.

11 G. A member of the magistrate retirement system  
12 who during [~~his~~] the member's service as a magistrate was  
13 eligible to become a member of the public employees  
14 retirement system and elected not to become a member of that  
15 system may purchase service credit pursuant to the public  
16 employees retirement system for the period for which the  
17 magistrate elected not to become a public employees  
18 retirement system member, by paying the amount of the  
19 increase in the actuarial present value of the magistrate  
20 pension as a consequence of the purchase as determined by the  
21 association. Full payment shall be made in a single lump-sum  
22 amount in accordance with procedures established by the  
23 retirement board. Except as provided in Subsection F of this  
24 section, seventy-five percent of the purchase cost shall be  
25 considered to be employer contributions and shall not be

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1 refunded to the member in the event of cessation of  
2 membership.

3 H. At any time prior to retirement, any member  
4 may purchase service credit in monthly increments, subject to  
5 the following conditions:

6 (1) the member has at least five years of  
7 service credit acquired as a result of personal service  
8 rendered in the employ of an affiliated public employer;

9 (2) the aggregate amount of service credit  
10 purchased pursuant to this subsection does not exceed one  
11 year;

12 (3) the member pays full actuarial present  
13 value of the amount of the increase in the employee's pension  
14 as a consequence of the purchase as determined by the  
15 association;

16 (4) the member pays the full cost of the  
17 purchase within sixty days of the date the member is informed  
18 of the amount of the payment; and

19 (5) the purchase of service under this  
20 subsection cannot be used to determine the final average  
21 salary or the pension factor or be used to exceed the pension  
22 maximum."